

SENATE BILL NO. 315

INTRODUCED BY R. ZINKE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAXATION OF CLASS EIGHT BUSINESS EQUIPMENT AND RELATED LAWS; INCREASING THE BUSINESS EQUIPMENT TAX EXEMPTION TO THE FIRST \$200,000 OR LESS OF MARKET VALUE OF PROPERTY; PROHIBITING CLASS EIGHT PROPERTY FROM BEING SEPARATED INTO DIFFERENT BUSINESS ENTITIES FOR DETERMINING WHETHER THE \$200,000 EXEMPTION IS EXCEEDED; PROVIDING FOR THE ALLOCATION OF EXEMPT CLASS EIGHT PROPERTY BY LOCATION; PROVIDING FOR THE DETERMINATION OF REIMBURSABLE AMOUNTS FOR LOCAL GOVERNMENTS, SCHOOL DISTRICTS, TAX INCREMENT FINANCING DISTRICTS, AND THE 6-MILL UNIVERSITY LEVY; PROVIDING THAT THE INCREASE IN THE EXEMPTION AMOUNT OF CLASS EIGHT PROPERTY DOES NOT OCCUR IF CERTAIN LEGISLATION IS NOT ENACTED; REPEALING AN OBSOLETE BUSINESS EQUIPMENT REIMBURSEMENT TO LOCAL GOVERNMENT TAXING JURISDICTIONS; AMENDING SECTIONS 7-1-2111, 15-6-138, 15-6-219, 15-8-301, 15-10-420, 20-9-406, AND 20-9-407, MCA; REPEALING SECTION 15-1-112, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Calculation of reimbursement for class eight rate exemption -- distribution. (1) For the exemption amount in 15-6-138, the department shall, by June 1, 2010, for calendar year 2010 estimate for each local government, as defined in 15-1-121(4), each school district, each tax increment financing district, and the 6-mill university levy for the purposes of 15-10-108 the difference between property tax collections under 15-6-138 and the property tax revenue that would have been collected under 15-6-138 as that section read on January 1, 2009. The difference is the reimbursable amount for each local government, each school district, each tax increment financing district, and the 6-mill university levy for the purposes of 15-10-108.

(2) (a) The department shall distribute the reimbursement for fiscal year 2011 and succeeding fiscal years as provided by law.

(b) For fiscal year 2010, the department shall determine from the amount calculated under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property for each local

1 government. The department shall distribute the amount determined under this subsection (2)(b) as provided by
2 law.

3 (c) The market value of class eight property exempted under 15-6-138 must be subtracted from the fiscal
4 year 2010 total market value of class eight property when the department computes the value of newly taxable
5 property for fiscal year 2010 under 15-10-420.

6 (3) (a) The office of public instruction shall distribute the reimbursement to school districts for fiscal year
7 2011 and succeeding tax years as provided by law.

8 (b) For fiscal year 2010, the department shall determine from the amount calculated under subsection
9 (1) the amount that is attributable to personal property taxes that are not a lien on real property for each school
10 district. By June 15, 2010, the office of public instruction shall distribute the entire amount determined under this
11 subsection (3)(b) as provided by law.

12 (4) (a) For each fiscal year beginning after June 30, 2010, the amount determined under subsection (1)
13 for each tax increment financing district must be distributed as provided by law to each tax increment financing
14 district listed in 15-1-121(6)(b) if the tax increment financing district is still in existence. If a tax increment financing
15 district that is entitled to a reimbursement under this section is not listed under 15-1-121(6)(b), the reimbursement
16 must be made to that tax increment financing district at the same time as other districts.

17 (b) For fiscal year 2010, the department shall determine from the amount calculated under subsection
18 (1) the amount that is attributable to personal property taxes that are not a lien on real property for each tax
19 increment financing district. By June 15, 2010, the department shall, as provided by law, distribute the amount
20 determined under this subsection (4)(b) to each tax increment financing district listed in 15-1-121(6)(b) that is still
21 in existence and to any other tax increment financing district that is entitled to a reimbursement under this section.

22 (5) (a) For each fiscal year beginning after June 30, 2010, the amount determined under subsection (1)
23 for the 6-mill university levy must be added to the support of public education institutions as provided in
24 15-10-108.

25 (b) For fiscal year 2010, the department shall determine from the amount calculated under subsection
26 (1) the amount that is attributable to personal property taxes that are not a lien on real property for the 6-mill
27 university levy. By June 15, 2010, the department shall, as provided by law, distribute the amount determined
28 under this subsection (5)(b) for the support of public education institutions as provided in 15-10-108.

29
30 **Section 2.** Section 7-1-2111, MCA, is amended to read:

1 **"7-1-2111. Classification of counties.** (1) For the purpose of regulating the compensation and salaries
2 of all county officers not otherwise provided for and for fixing the penalties of officers' bonds, the counties of this
3 state must be classified according to the taxable valuation of the property in the counties upon which the tax levy
4 is made as follows:

- 5 (a) first class--all counties having a taxable valuation of \$50 million or more;
- 6 (b) second class--all counties having a taxable valuation of \$30 million or more and less than \$50 million;
- 7 (c) third class--all counties having a taxable valuation of \$20 million or more and less than \$30 million;
- 8 (d) fourth class--all counties having a taxable valuation of \$15 million or more and less than \$20 million;
- 9 (e) fifth class--all counties having a taxable valuation of \$10 million or more and less than \$15 million;
- 10 (f) sixth class--all counties having a taxable valuation of \$5 million or more and less than \$10 million;
- 11 (g) seventh class--all counties having a taxable valuation of less than \$5 million.

12 (2) As used in this section, "taxable valuation" means the taxable value of taxable property in the county
13 as of the time of determination plus:

14 (a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and
15 trucks having a rated capacity of three-quarters of a ton or less;

16 (b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and
17 trucks having a manufacturer's rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;

18 (c) that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks
19 having a manufacturer's rated capacity of more than 1 ton, and truck tractors;

20 (d) that portion of the taxable value of the county on December 31, 1997, attributable to trailers, pole
21 trailers, and semitrailers with a declared weight of less than 26,000 pounds;

22 (e) the value provided by the department of revenue under 15-36-332(7);

23 (f) 50% of the taxable value of the county on December 31, 1999, attributable to telecommunications
24 property under 15-6-141;

25 (g) 50% of the taxable value in the county on December 31, 1999, attributable to electrical generation
26 property under 15-6-141;

27 (h) the value provided by the department of revenue under 15-24-3001;

28 (i) 6% of the taxable value of the county on January 1 of each tax year;

29 (j) 45% of the contract sales price of the gross proceeds of coal in the county as provided in 15-23-703
30 and as reported under 15-23-702; and

(k) 33 1/3% of the value of bentonite produced during the previous year as provided in 15-39-110(14) and as reported under 15-39-101; and

(l) the taxable value of personal property reported under 15-6-219(2)(d)."

Section 3. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies except those included in class five under 15-6-135;

(c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters, and similar equipment that is skidable, portable, or movable, tools that are not exempt under 15-6-219, and supplies except those included in class five;

(d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors as provided in 15-6-220, and supplies except those included in class five;

(e) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;

(f) special mobile equipment as defined in 61-1-101;

(g) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(h) x-ray and medical and dental equipment;

(i) citizens' band radios and mobile telephones;

(j) radio and television broadcasting and transmitting equipment;

(k) cable television systems;

(l) coal and ore haulers;

(m) theater projectors and sound equipment; and

(n) all other property that is not included in any other class in this part, except that property that is subject

1 to a fee in lieu of a property tax.

2 (2) As used in this section, the following definitions apply:

3 (a) "coal "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and
4 that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying
5 environment.

6 (3) (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or
7 service, wholesale, retail, or food-handling business.

8 (4)(3) Class eight property is taxed at 3% of its market value.

9 (5)(4) (a) The first \$200,000 or less of market value of class eight property of a person owned by an
10 individual or business entity that owns an aggregate of \$20,000 or less in market value of class eight property
11 is exempt from taxation.

12 (b) (i) The department shall, by rule, establish reporting requirements that will not allow multiple business
13 identities to be formed to obtain multiple exemption thresholds for what are functionally single businesses. The
14 rules may require individual and taxpayer identification numbers for pass-through entities, as defined in
15 15-30-101, and their owners, partners, and officers to allow the department to track exemptions through the
16 entities.

17 (ii) Whenever one member of a firm or one of the proper officers of a corporation has made a statement
18 showing the property of the firm or corporation, another member of the firm or another officer is not required to
19 include the property in that person's statement, but the statement must show the name of the person or officer
20 who made the statement in which the property is included.

21 (iii) The fact that a statement is not required or that a person has not made a statement, under oath or
22 otherwise, does not relieve the person's property from taxation."

23
24 **Section 4.** Section 15-6-219, MCA, is amended to read:

25 **"15-6-219. Personal and other property exemptions -- allocation of certain exemptions. (1)** The
26 following categories of property are exempt from taxation:

27 (1)(a) harness, saddlery, and other tack equipment;

28 (2)(b) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily
29 hand-held and that are used to:

30 (a)(i) construct, repair, and maintain improvements to real property; or

(b)(iii) repair and maintain machinery, equipment, appliances, or other personal property;

(c) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(d) a bicycle, as defined in 61-8-102, used by the owner for personal transportation purposes;

(e) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:

(i) the acquired cost of the personal property is less than \$15,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;

(f) the first \$200,000 or less of market value of class eight property exempt under 15-6-138(4) not otherwise exempt from property taxation owned by an individual or business entity that is identified by a unique taxpayer identification number;

(g) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance; and

(h) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105.

(2) (a) For determining the amount of a taxpayer's class eight property that is subject to taxation, the department shall allocate the market value of class eight business equipment that is exempt from taxation under subsection (1)(f) as provided in this subsection (2).

(b) If the class eight business equipment of the taxpayer is used in a single location, the market value of the exempt property is allocated to that location.

(c) If the class eight business equipment of the taxpayer is used in more than one location, the market value of the exempt property must be allocated to each location in the ratio that the total market value of class eight property at that location bears to the total market value of class eight property of the taxpayer at all locations.

(d) (i) The market value allocations determined under subsections (2)(b) and (2)(c) must be converted to taxable value using the tax rate under 15-6-138(3) and must be reported to counties for the purpose of determining county classification under 7-1-2111 and to school districts for the purposes of determining debt limits under 20-9-406.

(ii) The market value allocations determined under subsections (2)(b) and (2)(c) must be treated as assessed value under 15-8-111 for the purposes of debt limits and other bonding provisions under 2-9-211, 7-3-1321, 7-7-107, 7-7-2101, 7-7-2301, 7-7-4201, 7-13-237, 7-13-309, 7-13-4103, 7-14-236, 7-14-2520, 7-14-2524, 7-16-2327, 7-16-2433, 7-16-4104, 7-31-107, 7-33-2109, 7-33-2404, 7-34-2131, 19-18-503, 39-71-403, and 85-9-406 and as otherwise provided by law. The department shall report the assessed values to the appropriate entities affected by this subsection (2)(d)(ii).

Section 5. Section 15-8-301, MCA, is amended to read:

"15-8-301. Statement -- what to contain -- rules. (1) The department may require from a person a statement under oath setting forth specifically all the real and personal property owned by, in possession of, or under the control of the person at midnight on January 1. The statement must be in writing, showing separately:

(a) all property belonging to, claimed by, or in the possession or under the control or management of the person;

(b) all property belonging to, claimed by, or in the possession or under the control or management of any firm of which the person is a member;

(c) all property belonging to, claimed by, or in the possession or under the control or management of any corporation of which the person is president, secretary, cashier, or managing agent;

(d) the county in which the property is situated or in which the property is liable to taxation and, if liable to taxation in the county in which the statement is made, also the city, town, school district, road district, or other revenue districts in which the property is situated;

(e) an exact description of all lands, improvements, and personal property;

(f) all depots, shops, stations, buildings, and other structures erected on the space covered by the right-of-way and all other property owned by any person owning or operating any railroad within the county.

(2) The department shall notify the taxpayer in the statement for reporting personal property owned by a business or used in a business that the statement is for reporting business equipment and other business personal property described in Title 15, chapter 6, part 1. ~~A~~ Except as provided in subsection (3), a taxpayer

owning exempt business equipment is subject to limited reporting requirements; ~~however~~ However, all new businesses shall report their class eight property, as described in 15-6-138, so that the department can determine the market value of the property. The department shall by rule develop reporting requirements for business equipment to limit the annual reporting of exempt business equipment to the extent feasible.

(3) In the reporting of exempt business equipment under 15-6-219(1)(f), the department shall, by rule, establish reporting requirements that will prevent the use of multiple business identities to obtain multiple exemptions for what are functionally single businesses. The rules must require a unique taxpayer identification number for each individual and business entity to allow the department to track exemptions of all individuals and business entities. The department shall use the information obtained under this subsection to allocate the market value of exempt business equipment as provided in 15-6-219(2).

~~(3)(4)~~ Whenever one member of a firm or one of the proper officers of a corporation has made a statement showing the property of the firm or corporation, another member of the firm or another officer is not required to include the property in that person's statement but the statement must show the name of the person or officer who made the statement in which the property is included.

~~(4)(5)~~ The fact that a statement is not required or that a person has not made a statement, under oath or otherwise, does not relieve the person's property from taxation."

Section 6. Section 15-10-420, MCA, is amended to read:

"15-10-420. Procedure for calculating levy. (1) (a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's value of newly taxable property, plus one-half of the average rate of inflation for the prior 3 years.

(b) A governmental entity that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

(c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of

1 inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using
2 the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

3 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any additional
4 levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit, including newly
5 taxable property.

6 (3) (a) For purposes of this section, newly taxable property includes:

7 (i) annexation of real property and improvements into a taxing unit;

8 (ii) construction, expansion, or remodeling of improvements;

9 (iii) transfer of property into a taxing unit;

10 (iv) subdivision of real property; and

11 (v) transfer of property from tax-exempt to taxable status.

12 (b) Newly taxable property does not include an increase in value that arises because of an increase in
13 the incremental value within a tax increment financing district.

14 (4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the
15 release of taxable value from the incremental taxable value of a tax increment financing district because of:

16 (i) a change in the boundary of a tax increment financing district;

17 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or

18 (iii) the termination of a tax increment financing district.

19 (b) If a tax increment financing district terminates prior to the certification of taxable values as required
20 in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax increment
21 financing district terminates. If a tax increment financing district terminates after the certification of taxable values
22 as required in 15-10-202, the increment value is reported as newly taxable property in the following tax year.

23 (c) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real
24 property that results in the property being taxable as class four property under 15-6-134 or as nonqualified
25 agricultural land as described in 15-6-133(1)(c).

26 (5) Subject to subsection (8), subsection (1)(a) does not apply to:

27 (a) school district levies established in Title 20; or

28 (b) the portion of a governmental entity's property tax levy for premium contributions for group benefits
29 excluded under 2-9-212 or 2-18-703.

30 (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received

1 under 15-6-131 and 15-6-132.

2 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity;

3 (a) may increase the number of mills to account for a decrease in reimbursements;

4 (b) may not increase the number of mills to account for a loss of tax base because of legislative action
5 that is reimbursed as provided by law.

6 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes
7 of 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, and 20-25-439. However, the number of mills calculated
8 by the department may not exceed the mill levy limits established in those sections. The mill calculation must be
9 established in whole mills. If the mill levy calculation does not result in a whole number of mills, then the
10 calculation must be rounded up to the nearest whole mill.

11 (9) (a) The provisions of subsection (1) do not prevent or restrict:

12 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

13 (ii) a levy to repay taxes paid under protest as provided in 15-1-402;

14 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326; or

15 (iv) a levy for the support of a study commission under 7-3-184.

16 (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes
17 actually assessed in a subsequent year.

18 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402,
19 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport
20 authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating
21 funds by a county or municipality during that time.

22 (11) The department may adopt rules to implement this section. The rules may include a method for
23 calculating the percentage of change in valuation for purposes of determining the elimination of property, new
24 improvements, or newly taxable property in a governmental unit."
25

26 **Section 7.** Section 20-9-406, MCA, is amended to read:

27 **"20-9-406. Limitations on amount of bond issue -- definition of federal impact aid basic support**
28 **payment.** (1) (a) Except as provided in subsection (1)(d), the maximum amount for which an elementary district
29 or a high school district may become indebted by the issuance of general obligation bonds, including all
30 indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,

1 outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable that are held as
2 general obligations of the district, is 50% of:

3 (i) the taxable value of the property subject to taxation, as ascertained by the last assessment for state,
4 county, and school taxes previous to the incurring of the indebtedness; and

5 (ii) the taxable value of personal property reported under 15-6-219.

6 (b) Except as provided in subsection (1)(d), the maximum amount for which a K-12 school district, as
7 formed pursuant to 20-6-701, may become indebted by the issuance of general obligation bonds, including all
8 indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,
9 outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable that are held as
10 general obligations of the district, is up to 100% of:

11 (i) the taxable value of the property subject to taxation, as ascertained by the last assessment for state,
12 county, and school taxes previous to the incurring of the indebtedness; and

13 (ii) the taxable value of personal property reported under 15-6-219.

14 (c) The total indebtedness of the high school district with an attached elementary district is limited to the
15 sum of 50% of the taxable value of the property for elementary school program purposes and 50% of the taxable
16 value of the property for high school program purposes, adjusted as provided in this section.

17 (d) (i) The maximum amount for which an elementary district or a high school district with a district mill
18 value per elementary ANB or per high school ANB that is less than the facility guaranteed mill value per
19 elementary ANB or high school ANB under 20-9-366 may become indebted by the issuance of general obligation
20 bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues,
21 registered warrants, outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable
22 that are held as general obligations of the district, is 50% of the corresponding facility guaranteed mill value per
23 ANB times 1,000 times the ANB of the district. For a K-12 district, the maximum amount for which the district may
24 become indebted is 50% of the sum of the facility guaranteed mill value per elementary ANB times 1,000 times
25 the elementary ANB of the district and the facility guaranteed mill value per high school ANB times 1,000 times
26 the high school ANB of the district. For the purpose of calculating ANB under this subsection, a district may use
27 the greater of the current year ANB or the 3-year ANB calculated under 20-9-311.

28 (ii) If mutually agreed upon by the affected districts, for the purpose of calculating its maximum bonded
29 indebtedness under this subsection (1)(d), a district may include the ANB of the district plus the number of
30 students residing within the district for which the district or county pays tuition for attendance at a school in an

1 adjacent district. The receiving district may not use out-of-district ANB for the purpose of calculating its maximum
2 indebtedness if the out-of-district ANB has been included in the ANB of the sending district pursuant to the mutual
3 agreement. For the purpose of calculating ANB under this subsection, a district may use the greater of the current
4 year ANB or the 3-year ANB calculated under 20-9-311.

5 (2) The maximum amounts determined in subsection (1) do not pertain to indebtedness imposed by
6 special improvement district obligations or assessments against the school district or to general obligation bonds
7 issued for the repayment of tax protests lost by the district. All general obligation bonds issued in excess of the
8 amount are void, except as provided in this section.

9 (3) The maximum amount of impact aid revenue bonds that an elementary district, high school district,
10 or K-12 school district may issue may not exceed a total aggregate amount equal to three times the average of
11 the school district's annual federal impact aid basic support payments for the 5 years immediately preceding the
12 issuance of the bonds. However, at the time of issuance of the bonds, the average annual payment of principal
13 and interest on the impact aid bonds each year may not exceed 35% of the total federal impact aid basic support
14 payments of the school district for the current year.

15 (4) When the total indebtedness of a school district has reached the limitations prescribed in this section,
16 the school district may pay all reasonable and necessary expenses of the school district on a cash basis in
17 accordance with the financial administration provisions of this chapter.

18 (5) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt
19 service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the
20 refunding bond issue is decreased accordingly.

21 (6) As used in this part, "federal impact aid basic support payment" means the annual impact aid revenue
22 received by a district under 20 U.S.C. 7703(b) but excludes revenue received for impact aid special education
23 under 20 U.S.C. 7703(d) and impact aid construction under 20 U.S.C. 7707."

24
25 **Section 8.** Section 20-9-407, MCA, is amended to read:

26 **"20-9-407. Industrial facility agreement for bond issue in excess of maximum.** (1) In a school district
27 within which a new major industrial facility that seeks to qualify for taxation as class five property under 15-6-135
28 is being constructed or is about to be constructed, the school district may require, as a precondition of the new
29 major industrial facility qualifying as class five property, that the owners of the proposed industrial facility enter
30 into an agreement with the school district concerning the issuing of bonds in excess of the 50% limitation, as

1 adjusted, prescribed in 20-9-406. Under an agreement, the school district may, with the approval of the voters,
2 issue bonds that exceed the limitation prescribed in this section by a maximum of 50% of the estimated taxable
3 value of the property of the new major industrial facility subject to taxation when completed. The estimated taxable
4 value of the property of the new major industrial facility subject to taxation must be computed by the department
5 of revenue when requested to do so by a resolution of the board of trustees of the school district. A copy of the
6 department's statement of estimated taxable value must be printed on each ballot used to vote on a bond issue
7 proposed under this section.

8 (2) Pursuant to the agreement between the new major industrial facility and the school district and as
9 a precondition to qualifying as class five property, the new major industrial facility and its owners shall pay, in
10 addition to the taxes imposed by the school district on property owners generally, as much of the principal and
11 interest on the bonds provided for under this section as represents payment on an indebtedness in excess of the
12 limitation prescribed in 20-9-406. After the completion of the new major industrial facility and when the
13 indebtedness of the school district no longer exceeds the limitation prescribed in this section, the new major
14 industrial facility is entitled, after all the current indebtedness of the school district has been paid, to a tax credit
15 over a period of no more than 20 years. The credit must as a total amount be equal to the amount that the facility
16 paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within
17 the district.

18 (3) A major industrial facility is a facility subject to the taxing power of the school district, whose
19 construction or operation will increase the population of the district, imposing a significant burden upon the
20 resources of the district and requiring construction of new school facilities. A significant burden is an increase in
21 ANB of at least 20% in a single year."

22
23 NEW SECTION. Section 9. Repealer. Section 15-1-112, MCA, is repealed.

24
25 NEW SECTION. Section 10. Notification to tribal governments. The secretary of state shall send
26 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
27 Chippewa tribe.

28
29 NEW SECTION. Section 11. Saving clause. [This act] does not affect rights and duties that matured,
30 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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2 NEW SECTION. **Section 12. Codification instruction.** [Section 1] is intended to be codified as an

3 integral part of Title 15, chapter 1, part 1, and the provisions of Title 15, chapter 1, part 1, apply to [section 1].

5 NEW SECTION. **Section 13. Contingent voidness.** If legislation is not passed and approved during
6 the 61st legislative session that provides long-term and equitable reimbursements by statutory appropriations or
7 by other appropriate means to local governments, school districts, tax increment financing districts, and the 6-mill
8 university levy as provided in [section 1], [this act] is void.

10 NEW SECTION. **Section 14. Effective date.** [This act] is effective January 1, 2010.

12 NEW SECTION. **Section 15. Applicability.** [This act] applies to property tax years beginning after
13 December 31, 2009.

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